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adopted substantially the same definition, and especially acknowledgment should have been given to the Texas statute of 1889, the progenitor of the definition to which Dr. Crowell refers. On the whole, however, the book is an accurate portrayal of facts and tendencies; and, considering the narrow compass into which the subject is compressed, a worthy addition to the National Social Science Series.

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Voting Trusts. A Chapter in Recent Corporate History. By HARRY A. CUSHING. (New York: The Macmillan Company. 1915. Pp. 226. \$1.50.)

This is a scientific study of a single aspect of modern corporation finance. As such it is thorough, balanced, and, within its limits, exhaustive. The value of the study is its painstaking review of the great body of historical and current facts bearing on the subject and the judicial poise of the author's judgments. There are no hot-headed generalizations so common in studies dealing with the border-lands between business and public policy.

A voting trust arises when all or a majority of the stock of a corporation is assigned to a small group of men for a period of years or until dividends on the stock have been declared or until some other clearly defined event has transpired. During the period the trustees of the stock manage the corporation. In case dividends are declared they pass these over to the real owners. The fundamental purpose—a purpose which Mr. Cushing does not emphasize sufficiently—is to give to a corporation a responsible and publicly acknowledged administration. As this end is most needful at a time of financial wreck, the voting trust has been used, in the vast majority of cases, during the period immediately following reorganization. At such times, as Cushing succinctly states, this insures stability of policy and responsible management, and prevents disturbing interference by minority stockholders (p. 98). Except in very rare cases voting trustees have not abused their power and in many cases—notably that of Northern Pacific Railway—the voting trustees have voluntarily surrendered their trust as soon as they felt the property had so far recovered as to be beyond the reaches of speculative raids.

The author includes a long chapter on the legality of voting trusts, but this does not leave the reader with a very clear idea of the situation. He lays altogether too much emphasis on the un-

usual trend of judicial opinion in North Carolina and is perhaps too apt to quote the leading but ambiguous opinions in *Warren v. Pim* as a basis of the New Jersey law. As a whole, he seems to agree that voting trusts are becoming recognized by the courts as legitimate means of registering the will of the majority and are not in opposition to the common law doctrine regarding restraint of trade; and he notes that two states, New York and Maryland, have, in fact, enacted statutes under which voting trusts may be created.

As noted before, the book is a permanent contribution to a scientific study of corporation finance. Because of its general excellence it is a pity that the style is not better. Throughout, the author fails to differentiate between the significant and the exceptional. The plan of the forest is lost in the multitude of trees. At one time he follows the chronological order of development, then switches, even within the same paragraph, to the logical order. Even when stating a sequence of historical facts (pp. 4-10) he moves forward and backward in most perplexing fashion. His chapters lack unity—particularly the one dealing with the Law of Voting Trusts. A prefatory chapter stating clearly the development of the voting trusts from the days of the Central Vermont and the first reorganization of the New York and Erie to present forms, such as the Buffalo and Susquehanna Railroad Corporation, would have added greatly to the value of the work from the point of view of constructive scholarship.

The sober, judicial, and balanced point of view and manner of expression is in sharp contrast to the flamboyant generalizations so frequently met with. Mr. Cushing finds "that the substantial advantages which voting trusts have produced certainly outweigh any criticisms to which they have been subjected." Yet contrast the unsupported dictum of Samuel Untermyer (*A Legislative Program*, p. 25): "They [the voting trusts] have been impressively imposed by large interests upon a prostrate defenseless property in course of reorganization when the interests were scattered, unable to protect themselves." Or, again, in the report of the so-called Pujo Committee, which received, because published by the sanction of Congress, a widespread hearing. Few branches of economic study are more prone to unenlightened and mischievous misrepresentations than corporation finance, and all serious students of the subject have been placed under deep obligation to Mr. Cushing for his painstaking study.

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